



## West Virginia Tax Tips for Senior Citizens

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The purpose of this publication is to provide general information to senior citizens regarding West Virginia taxes. It includes information on personal income tax, senior citizens tax credit, sales and use tax, excise tax, estate tax and property tax. This information is not a substitute for legislative rules or tax laws.

### **Personal Income Tax**

West Virginia personal income tax is imposed on resident individuals, part-year residents, nonresidents, estates and trusts. The personal income tax is an annual tax similar to the federal income tax. The federal adjusted gross income is the starting point for determining West Virginia personal income tax liability. A number of increasing and decreasing modifications are made to determine West Virginia adjusted gross income. West Virginia does not allow either a standard deduction or itemized deductions when determining West Virginia taxable income.

**Income Tax Return:** Calendar year taxpayers must file an annual return by April 15<sup>th</sup> each year for the preceding year. You must file a State income tax return if you were required to file a federal return, if you were not required to file a federal return, but your West Virginia adjusted gross income is greater than your personal exemption allowance or to obtain a refund. You may be required to file a return even if you do not owe any tax.

**Estimated Tax:** Quarterly estimated tax payments are required for individuals if your estimated tax liability (estimated tax reduced by any state tax withheld from income) exceeds \$600, unless that liability is less than ten percent (10%) of your estimated tax. Estimated returns are due April 15, June 15, September 15, and January 15.

**Extension of Time for Filing Return:** West Virginia will accept an automatic federal extension, a copy of which must be attached to the West Virginia return in order to avoid any penalty for late filing. The estimated tax liability must be prepaid and submitted with Schedule L. Any granted extension is for filing purposes only and does not relieve the taxpayer of late payment penalties and interest on any amount of tax not paid by due date.

**Exemptions:** A personal exemption of \$2,000 is allowed for each personal exemption. Your West Virginia personal exemptions are the same as your federal exemptions. A surviving spouse is allowed one additional \$2,000 exemption for two taxable years following the year of death of his or her spouse.

**Increasing and Decreasing Modifications:** Computation of West Virginia taxable income begins with federal adjusted gross income to which specific increases and/or decreases are made. Each taxpayer who is (a) age 65 or older during any part of the taxable year; or (b) permanently and totally disabled may deduct from their federal adjusted gross income up to \$8,000 of his/her income received from any source. If a joint return is filed by two qualifying individuals, up to \$8,000 of income received by each individual may be deducted.

An individual, regardless of age, may deduct up to \$2,000 of benefits received from West Virginia Teachers Retirement System, West Virginia Public Employees Retirement System, Military Retirement and Federal Retirement Systems (Title 4 USC § 111).

The total amount of any benefit (including survivorship annuities) received from any West Virginia state or local police, deputy sheriff's or firemen's retirement system may be deducted.

**Additional Military Retirement Exclusion:** Military retirees are able to take an additional decreasing modification for military retirement up to \$20,000.

**Social Security Income:** Social security income is taxable to West Virginia income tax ONLY to the extent that the income is includible in your federal adjusted gross income.

**Tax Rate:** Tax is computed at a graduated rate and is assessed in a range beginning at three percent to six and one-half percent.

**Withholding From Your Pension:** If you are a resident and receive a pension, you may be able to have West Virginia income tax withheld from your pension payments. Contact your pension payer and request form IT-104.

## **TAX CREDITS:**

### **Senior Citizen Refundable Tax Credits**

Senior citizens eligible for the Homestead Exemption Program may be entitled to claim a refundable tax credit. Credit eligibility is restricted to those who meet the following criteria in addition to participating in the Homestead Exemption Program:

- They must owe and pay a property tax liability on the Homestead Exemption eligible home (i.e., the assessed value of the eligible home must be greater than \$20,000 prior to the application of the Homestead Exemption).
- Their federal adjusted gross income must meet the low income test
- They must file a West Virginia income tax return to claim the credit.

See Publication TSD-411 for additional information about this credit.

### **Senior Citizen Property Tax Deferral Credit**

Only Seniors who received the Homestead Property Tax Exemption at the county level as a result of reaching sixty-five (65) years, who experienced a property tax increase on their Homestead Property of at least \$300 in the past year and who have gross household income of no more than \$25,000 qualify for this deferral. Persons who pay the federal alternative minimum tax are not eligible to claim this credit.

This credit must be preapproved by your County Assessor's Office. In order to find out if you qualify, an application must be submitted to that office in order to determine the amount of your credit. If you have questions regarding the qualification for the deferral/credit, contact your County Assessor. Senior Citizens who qualify for this credit have the option to receive a refundable personal income tax credit from the State equal to the property tax increase increment or choose to defer their property tax in the identical amount. If you decide to take the credit on your income tax return you must enclose the approved SCPTD application and your paid property tax tickets with your personal income tax return when you file it.

### **Homestead Excess Property Tax Credit**

Beginning with tax year 2008, there is a refundable personal income tax credit for real property taxes paid in excess of your income. The maximum refundable tax credit is \$1,000.00. You must complete the schedule in the personal income tax booklet to determine the amount of your credit. Persons who pay the federal alternative minimum tax are not eligible to claim this credit.

For most low-income seniors, the best option available will continue to be the refundable Senior Citizens Tax Credit or the alternative Homestead Excess Property Tax Credit and not the deferral. **Seniors cannot claim more than one of these three credit alternatives.** It is very important that Seniors evaluate these three options carefully before filing their personal income tax return for the year or paying their property tax.

Based upon recent filing statistics, the refundable Senior Citizens Tax Credit is the best option for more than 90% of all eligible households. The Homestead Excess Property Tax Credit is the best option for less than 9% of all eligible households. The Property Tax Deferral Credit is the best option for less than 1% of all eligible households.

A Family Tax Credit is also available to certain individuals or families that may reduce or eliminate their West Virginia personal income tax. They may be entitled to this credit if they meet certain income limitations and family size.

## **Sales and Use Tax**

The Consumers Sales and Service ("sales tax") is imposed on all sales of tangible personal property or taxable services at the rate of six percent unless the sale is specifically exempt by statute. Effective July 1, 2008, tax applies to sales of food at the rate of 3%. Sales of prescription drugs are exempt from the tax. The exemption for drugs includes all sales of drugs or appliances to a purchaser, upon a written prescription of a physician or dentist and any other professional person licensed to prescribe.

Use tax is imposed on persons purchasing tangible personal property or taxable services from out-of-state vendors when the purchase is for use in this State. Use tax is due on all purchases made through the internet, via mail order, or from

an out-of-state company when West Virginia sales tax is not collected. The Use Tax is the same rate as the sales tax rate. Credit is allowed for sales or use taxes paid to another state with respect to the purchase.

A senior citizens discount allowed at the time of purchase shall not be included in arriving at the final purchase price subject to sales tax. Senior West Virginians age 60 and older are eligible for the Golden Mountaineer Discount Card. This card can be used for pharmaceutical discounts, retail and professional discounts. To apply for or obtain information about this card call 304-558-3317 or toll free 1-877-987-3646.

### **Excise Tax**

West Virginia imposes a 20.5 cents per gallon excise tax on gasoline and special fuel sold in this State. "Special fuel" means any fuel other than gasoline which is commonly used or practically suited for use as a fuel in an internal combustion engine.

West Virginia also imposes a 11.7 cents per gallon sales tax on gasoline and special fuel.

### **Property Tax**

The West Virginia property tax is an annual tax imposed on personal (tangible as well as intangible) and real property. Property is assessed in the county where it is located on July 1<sup>st</sup> each year. Individuals must file a property tax return with their county assessor by October 1<sup>st</sup> for the next calendar year. Property tax bills (called tax tickets) are mailed to property owners during the month of July by county sheriffs, who collect the tax. Taxes are payable in two equal installments. First half taxes are due September 1<sup>st</sup> of the tax year and second half taxes are due March 1<sup>st</sup> of the next year.

The West Virginia Constitution specifies that the assessed value of property is 60 percent of its fair market value. All property is taxable except that which the Constitution exempts from taxation and that which the Legislature exempts from taxation pursuant to an express grant of authority in the Constitution. Exemptions of particular interest to individuals include: cash, bank accounts, household goods and personal effects. Owners of owner occupied residential real property, who are age 65 or older (or who are permanently and totally disabled), may be eligible for a \$20,000 homestead exemption. Application for this exemption must be submitted to the assessor of the county in which the property is located by December 1st for the next calendar year. (New residents have a two year waiting period.)

### **Motor Vehicles Taxes:**

An individual who titles a motor vehicle with the West Virginia Division of Motor Vehicles must a 5% sales tax based on the sales price of the vehicle regardless of whether it was purchased in or outside of West Virginia.

For Additional Information on Taxes: Contact the following:

#### **BECKLEY, WV 25801**

407 Neville Street, Suite 109  
Phone - (304) 256-6764

#### **CLARKSBURG, WV 26301**

Huntington Bank Building, Suite 201  
230 West Pike Street  
Phone - (304) 627-2109

#### **MARTINSBURG, WV 25404**

397 Mid Atlantic Parkway, Suite 2  
Phone - (304) 267-0022

#### **CHARLESTON, WV 25301**

1206 Quarrier Street  
Phone - (304) 558-3333 or  
1-800-WVA-TAXS (1-800-982-8297)

#### **HUNTINGTON, WV 25704**

2699 Park Avenue, Suite 230  
Phone - (304) 528-5568

#### **PARKERSBURG, WV 26101**

400 Fifth Street  
Phone - (304) 420-4570

#### **WHEELING, WV 26003**

40 14th Street  
Phone - (304) 238-1152

West Virginia State Tax Department  
Taxpayer Services Division  
P. O. Box 3784  
Charleston, West Virginia 25337-3784  
Telephone: (304) 558-3333  
Toll free: 1-800-WVA-TAXS (1-800-982-8297)  
or visit our web site:  
<http://www.wvtax.gov>  
TDD service for the hearing impaired: 1-800-2TAXTDD (1-800-282-9833)